(c) whether Government have taken note of CAG's observation on the issue; and

(d) if so, the action taken on the same?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Central Board of Direct Taxes in the Department of Revenue; Ministry of Finance has made consistent efforts over a period of time to revisit the India Mauritius Double Taxation Avoidance Convention (DTAC). This is not purely an economic issue and there are several political and diplomatic implications. Government is making efforts to persuade the Government of Mauritius to strengthen the mechanism for exchange of information on tax matters between India and Mauritius and also incorporate appropriate provisions in the DTAC for prevention of 'treaty shopping'.

(b) The Mauritius route has been adopted by investors from all over the world for making investments into India. Under the DTAC there are provisions for avoidance of double taxation and if investors through Mauritius route take advantage of these provisions, it is in accordance with the Convention.

(c) Yes, Sir.

(d) Action has been taken wherever found necessary.

Transfer of assistance for plan schemes

765. SHRI SANTOSH BAGRODIA:
SHRI GIREESH KUMAR SANGHI:

Will the Minister of FINANCE be pleased to state:

(a) the basis of transfer of assistance from Centre to States for plan schemes;

(b) when was this formula for transfer of assistance framed and what was the rationale for considering the chosen criteria; and

(c) whether any State has requested for revision of the formula or for inclusion of other parameters, if so, what was the request and what action has been taken by the Central Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The Central assistance is allocated to States by Planning Commission on the basis of revised Gadgil Formula which takes into consideration population, per capita, income, performance, (tax effort, fiscal management, progress in respect of National objectives) and special problem of States.

(b) The revised Gadgil Formula was approved by the National Development Council (NDC) in December, 1991. This formula assigns more weight to population besides including certain crucial performacne parameters like population control, elimination of female illiteracy, timely completion of externally aided projects and success in land reforms.

(c) Rajasthan had suggested for revision of this formula with weightage to geographic area, index of infrastructure development and percentage of SC/ST population. As the request was only from one State, there is no proposal to revise it.

Fraud Management Cell for frauds in home loans

766. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a Fraud Management Cell to collect information from Housing Finance Companies regarding frauds committed on housing loans has been set up and is operational;

(b) if so, the details thereof; and

(c) the quantum of information collected so far and outcome thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) In view of apprehension and concern regarding possible fruads in housing loan transactions, 'Fraud Management Cell' was set up in National Housing Bank (NHB) in 2003. Information relating to frauds is collected from Housing Finance Companies (HFCs), Reserve Bank of India (RBI) and Indian Banks' Association (IBA) and the *modus operandi* and causative factors are identified and shared with HFCs to make them aware so that instances, of such frauds may be prevented.

(c) Based on the information collected from HFCs, RBI and IBA, a